



**City of Coral Gables
CITY COMMISSION MEETING
November 13, 2018**

ITEM TITLE:

A RESOLUTION APPROVING THE GENERAL BUSINESS TERMS AND AUTHORIZING THE CITY MANAGER AND CITY ATTORNEY TO NEGOTIATE A DEVELOPMENT AGREEMENT WITH CORAL GABLES CITY CENTER, LLC (CGCC) FOR THE REDEVELOPMENT OF MUNICIPAL PARKING GARAGES 1 AND 4 IN WHICH CGCC PROPOSES A PUBLIC PRIVATE-PARTNERSHIP TO PROVIDE AN IMPROVED PARKING STRUCTURE WHERE THE CITY WILL RETAIN OWNERSHIP AND/OR CONTROL OF THE PUBLIC PARKING COMPONENT AND BUILD A RESIDENTIAL AND OFFICE MIXED-USE PROJECT COMPATIBLE WITH THE SURROUNDING NEIGHBORHOOD.

DEPARTMENT HEADS' RECOMMENDATIONS:

The Economic Development Department, Planning and Zoning Department, and Parking Department will present their recommendations to the City Commission at the meeting.

BRIEF HISTORY:

For several years, the City of Coral Gables has been interested in pursuing the redevelopment of Municipal Parking Garages 1 and 4 (the "Garages"), with a focus on the following key objectives:

- Replace what are currently two obsolete parking garages that have operational deficiencies, with new state-of-the-art parking garages (above and beyond recent cosmetic improvements).
- Provide public parking spaces to meet the future needs of Downtown businesses.
- Introduce appropriately scaled mixed uses that would include a variety of retail and residential units onto Andalusia to support the City's goals for a vibrant, walkable Downtown. Pursue a holistic approach to these objectives that balances parking, planning, design, economic development, community and financial considerations.

To achieve these objectives, the City Commission approved Resolution No. 2013-91, dated May 28, 2013 authorizing a Request for Proposal (RFP) for the redevelopment of Municipal Parking Garages 1 and 4. On May 27, 2014, through Resolution No. 2014-102, the City Commission authorized staff to issue Phase I of a request for proposal (RFP). On January 26, 2016, the City Commission approved Resolution No. 2016-30 inviting all five proposers that responded to Stage I of the RFP to submit more detailed proposals in response to Stage II of the RFP; as authorized by Resolution No. 2016-32 of the RFP.

An Evaluation Committee composed of several City boards evaluated the proposals and along with staff recommended contract negotiations with CGCC. The City Commission did not approve any of the proposals submitted under the RFP. However, in accordance with Resolution 2017-23, dated January 24, 2017, the City Commission authorized negotiations with CGCC for a period of up to six (6) months, and providing the City Manager the authorization to extend for up to an additional six (6) months. Should those negotiations fail, Staff was authorized to negotiate with the second ranked firm, TC Gables, LLC, for an additional period of up to six (6) months. The City has and continues to reaffirms its right to pursue alternative courses of action.

The six (6) months negotiation period started on November 6, 2017 to allow CGCC and Staff to negotiate terms by May 5, 2018. Staff provided an update to the City Commission on February 27, 2018 and, three public workshops followed, (June 4, August 27, and September 18, 2018) to provide the City Commission with an update on the status of negotiations. In addition, the City had a workshop discussing the demand

and supply of public parking in the Central Business District on September 11, and a Sunshine meeting on September 21 to further understand the details of the project. Staff also had several negotiation sessions with the developer; these various communications resulted in the City Manager granting incremental extensions up to November 5, 2018 under the City Manager’s authority and bring forth an agreement to City Commission for consideration. On October 23, 2018, the City Commission adopted Resolution 2018-284 authorizing a nine-day extension to allow Staff time to finalize negotiations per Resolution 2018-284. The approval will take into consideration the following main project attributes:

1. Number of public parking spaces.
2. Size of the project.
3. Ownership structure (e.g. City to own public parking).
4. Project financing (e.g. City obligation to pay debt service).

CGCC proposed the following general business terms for the City Commission’s consideration, as a basis for entering into a development agreement for the Garages:

Parking

The minimum number of public parking spaces owned by the City as part of the public-private partnership (P3) is 620 spaces. The City currently owns and operates 630 parking spaces as part of the existing Garages 1 and 4 within the 2 - three floor parking structures built in 1962 and 1955, respectively. The 620 spaces will be City-owned and available during the day and night. In addition, CGCC will provide 293 of their private spaces for public use at nights and weekends. The Garages will be managed in a manner and practice consistent with, and typical of, Class A office, residential and retail space.

	Public Parking Spaces						
	G1 (Office)		G4 (Residential)		Total		
	City-owned	Developer-owned	City-owned	Developer-owned	City-owned	Developer-owned	City & Developer
Daytime	430	-	190	-	620	-	620
Night time	457	293	163	-	620	293	913
Difference (shared ownership)	(27)		27	-	-	-	27

The City’s Parking Director has determined that approximately 750 spaces would meet the City’s day and night time current and projected parking needs. CGCC’s parking will meet the City’s night-time demand and projected growth. The day time parking is less than the parking requested by Staff. The revenue generated from the all public parking use will be the City’s net of management fees. CGCC projects the cost to build the garage structure at \$36,564,000 which includes:

CGCC’s Public Parking Construction Cost

	G1	G4	Total	Per Space
City-owned Parking	\$15,836,051	\$7,729,791	\$23,565,842	\$38,009
Financing Cost	800,949	278,209	1,079,158	1,741
Total City-owned Parking Cost	\$16,637,000	\$8,008,000	\$24,645,000	\$39,750
City portion of Developer's Shared Parking	3,919,000	-	3,919,000	13,375
Paseo Acquisition & Improvement Cost	4,000,000	3,000,000	7,000,000	11,290
Alley Improvements	250,000	250,000	500,000	806
Actor's Playhouse designated Apartment	500,000	-	500,000	806
Total Non-Direct Parking Cost	\$8,669,000	\$3,250,000	\$11,919,000	\$19,224
Total Parking Cost	\$25,306,000	\$11,258,000	\$36,564,000	\$58,974

Size of the Project

Garage 1:

- FAR of 3.30
- Private offices of approximately 117,000 SF (7 floors)
- Retail (ground floor) size 8,100 SF (ground floor)
- 320 private & 430 public parking spaces (8 floors)
- Building height 190' 6"

Garage 4:

- FAR of 4.96
- 236 Private residential units (10 floors)
- Retail 12,800 SF (ground floor)
- 375 private & 190 day/163 night public parking spaces (4 floors)
- Building height 163' 9"

In accordance with CAO 2018-032, the two sites may be combined and developed as either a Planned Area Development (PAD) or Mixed-Use Project. The below table is a summary of the massing and FAR of the project. The City allows an FAR of 3.5 with Mediterranean bonus and 4.375 with Transferrable Development Rights (TDR's). The City has historic site TDR's available that it may use for this Project, at its discretion.

	G1	G4	Total
FAR	3.297	4.959	4.375
FAR SF	125,100	335,100	460,200
Parking, Lobby, BOA & Other SF	347,900	555,818	903,718
Total SF	473,000	890,918	1,363,918

Ownership:

CGCC proposes that the Project be structured as a vertical subdivision so that the City may maintain fee simple ownership of the Garage 1 public municipal garage spaces and the Garage 4 public municipal garage spaces portion of the Project (the "**Public Component**").

CGCC would maintain fee simple ownership of all Project components not included as part of the Public Component, including but not limited to, the private garages, private retail, residences and offices (the "**Private Component**").

In accordance with Section 2-1092 of the Procurement Code, the City ordered two appraisal at the time the RFP was issued and has received an update in August, 2018.

Appraisal Values

	Waronker & Rosen	Blazejack
G1 (June-2014)	10,500,000	10,480,000
G4 (June-2014)	15,100,000	16,500,000
Total June Value based on 3.5 FAR	25,600,000	26,980,000
Aug - 2018 (3.5 FAR)	\$26,800,000	n/a
Aug - 2018 (4.375 FAR)	\$29,900,000	n/a
Aug-2018 (4.375 FAR + Miracle Mile TDR's)	\$30,500,000	n/a

Financing:

CGCC proposes to develop the sites without any City financing, but request the City pay \$575,000 annually from the revenue and/or real estate taxes generated from the garages over 30 years at a 2% escalation or the City waives the developer's fees (i.e. AIPP fee, impact fees, permit fees, etc..) that they

estimate to be \$6.7 million, and reduce the annual payment to \$275,000.

Summary:

The value of the City’s garages as vacant lots is \$30.5 million. CGCC’s proposed cost to construct the new public garages, acquisition of paseos, and other cost is \$36.6 Million. CGCC has proposed deductions to the appraisal value resulting in a value of \$20.4 million. CGCC is requesting the two mixed used buildings at 4.375 be built in exchange for providing the City with 620 City-owned parking spaces, revenue from the 293 private-owned night-time spaces, City-ownership of the paseos, and a \$575k payment to CGCC at 2% escalation over 30 years.

As an alternative option to provide additional public parking spaces, CGCC proposes a 2nd option which includes removing 1 of the 8 floors of parking from G1 and adding 1 floor of parking to G4 (from 4 floors to 5 floors of parking) resulting in a net increase of 80 public parking spaces:

	Public Parking Spaces						
	G1 (Office)		G4 (Residential)		Total		
	City-owned	Developer-owned	City-owned	Developer-owned	City-owned	Developer-owned	City & Developer
Daytime	330	-	370		700	-	700
Night time	357	293	343	-	700	293	993
Difference (shared ownership)	(27)		27	-	-	-	27

This reallocation of the parking structure would result in an additional payment from the City of \$164,000; resulting in a revised annual payment to CGCC of \$759,000 annually at 2% escalation or \$439,000 if the City (considering the public-private nature of the Project) waives the impact and permit fees of the project.

Should the City Commission wish to proceed with the alternative option, the Resolution attached to this item will be amended to reflect the terms as presented.

LEGISLATIVE ACTION:

Date	Resolution/Ordinance No.	Comments
May 28, 2013	Resolution No. 2013-91	Approved RFP Consultant
May 27, 2014	Resolution No. 2014-102	Authorized Issuance of RFP, Stage I
January 26, 2016	Resolution No. 2016-30	Invited Proposers to Participate in Stage II of RFP
January 26, 2016	Resolution No. 2016-32	Authorized Issuance of RFP, Stage II
January 24, 2017	Resolution No. 2017-23	Approved negotiations with CGCC
October 23, 2018	Resolution No. 2018-284	Approval of negotiation extension period

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date	Board/Committee	Comments
08.04.16 & 12.01.16	Parking Garage RFP Evaluation Committee	Recommended approval of top ranked proposer, Coral Gables City Center, LLC

ATTACHMENT(S):

1. Draft Resolution
2. CGCC’s proposed business terms

3. CAO Opinion October, 2018
4. Waronker & Rosen Appraisal: 8-13-18
5. CGCC's attorney, Greenberg Traurig, memo on vertical subdivision